

Message Text

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ACTION EUR-25

INFO OCT-01 EA-11 ISO-00 NEA-11 CIAE-00 DODE-00 PM-07 H-03

INR-10 L-03 NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03

SS-20 SAM-01 SSO-00 NSCE-00 USIE-00 INRE-00 EB-11

COME-00 OMB-01 TRSE-00 INT-08 SCI-06 FEA-02 IO-14

CIEP-02 OIC-04 DRC-01 /160 W
----- 039568

O R 012006Z FEB 74

FM AMEMBASSY BONN

TO SECSTATE WASHDC IMMEDIATE 0142

INFO AMEMBASSY TOKYO

AMEMBASSY OTTAWA

AMEMBASSY OSLO

AMEMBASSY ROME

AMEMBASSY PARIS

AMEMBASSY LONDON

AMEMBASSY THE HAGUE

AMEMBASSY DUBLIN

AMEMBASSY COPENHAGEN

AMEMBASSY BRUSSELS

AMEMBASSY LUXEMBOURG

USMISSION EC BRUSSELS

USMISSION OECD PARIS

C O N F I D E N T I A L SECTION 01 OF 03 BONN 01773

STATE ALSO FOR T/IEP

E.O. 11652:N/A

TAGS: ENRG

SUBJECT: ENERGY: US VIEWS ON WASHINGTON ENERGY
CONFERENCE

REF: STATE 21413

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1. SUMMARY: THE AMBASSADOR PRESENTED US VIEWS ON THE

WORK OF THE FORTHCOMING ENERGY CONFERENCE TO ACTING FOREIGN MINISTER FRANK, WHILE EMBOFFICERS DISCUSSED THE SPECIFIC POINTS OUTLINED IN REFTEL WITH ENERGY OFFICIALS LANTZKE OF THE ECONOMICS MINISTRY AND KRUSE OF THE FOREIGN OFFICE. ALTHOUGH FRANK WAS NON-COMMITAL ON THE ISSUES RAISED AND EXPRESSED MORE OPTIMISM ABOUT THE OIL SITUATION THAN HE HAD IN THE RECENT PAST, BOTH LANTZKE AND KRUSE WERE PESSIMISTIC ABOUT THE PROSPECTS FOR CONCRETE RESULTS, IN LIGHT OF AMBITIOUS GOALS SET BY THE US FOR THE CONFERENCE. THEY SAID THAT AN FRG POSITION MUST BE DEFERRED UNTIL AFTER THE EC COUNCIL MEETING ON FEBRUARY 4-5. END SUMMARY

2. AMBASSADOR HILLENBRAND CALLED ON ACTING FOREIGN MINISTER FRANK FEBRUARY 1, -IN THE ABSENCE OF FONMIN SCHEEL WHO IS IN ROME. THE AMBASSADOR PRESENTED OUR VIEWS ON THE ENERGY CONFERENCE AND THE NEED TO HAVE A HIGH-LEVEL OFFICIAL FROM EACH EUROPEAN COUNTRY ON A PAR WITH UNDER SECRETARY DONALDSON TO DEAL ON A CONTINUING BASIS WITH ENERGY ISSUES. HE EXPRESSED THE HOPE THAT THE FRG WILL APPOINT SUCH A FIGURE TO PARTICIPATE IN THE PREPARATORY MEETING ON FEBRUARY 8 AS WELL AS IN THE ENERGY ACTION GROUP, TO PROVIDE THE FOLLOW UP TO THE CONFERENCE.

3. THE AMBASSADOR FURTHER STRESSED OUR INTEREST IN HAVING FINANCE MINISTER SCHMIDT PARTICIPATE IN THE CONFERENCE, NOTING THAT TREASURY SECRETARY SCHULTZ WAS ON THE US DELEGATION.

4. FRANK TOOK NOTE OF THESE POINTS BUT WAS NON-COMMITAL IN RESPONSE. HE DID STATE THAT THE FRG HOPED THERE WOULD BE NO ACTIONS TAKEN AT THE CONFERENCE THAT COULD BE CONSTRUED AS A CONFRONTATION WITH THE OIL PRODUCERS. THE AMBASSADOR REPLIED THAT WE WERE AWARE OF THE FRG'S CONCERNS IN THIS REGARD, AS WELL AS IN THE MATTER OF THE PARTICIPATION OF THE LDC'S. HE SAID HE FELT SURE THERE WOULD BE NO CONFRONTATION, AND ADDED THAT, RE THE LDC'S, WASHINGTON FELT THAT AT THIS CONFIDENTIAL

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STAGEN UNDER OUR BUILDING BLOCK APPROACH, CONFERENCE SHOULD FOCUS ON CONSUMER COOPERATION.

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O R 012006Z FEB 74

FM AMEMBASSY BONN

TO SECSTATE WASHDC IMMEDIATE 0143

INFO AMEMBASSY TOKYO

AMEMBASSY OTTAWA

AMEMBASSY OSLO

AMEMBASSY ROME

AMEMBASSY PARIS

AMEMBASSY LONDON

AMEMBASSY THE HAGUE

AMEMBASSY DUBLIN

AMEMBASSY COPENHAGEN

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AMEMBASSY LUXEMBOURG

USMISSION EC BRUSSELS

USMISSION OECD PARIS

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5. FRANK SAID THAT HE HAD TALKED INTENSIVELY WITH ARAB REPRESENTATIVES IN THE LAST WEEK OR TWO AND HAD THE IMPRESSION THEY NOW WERE BECOMING MORE REASONABLE. THEY SEEMED, ACCORDING TO FRANK, TO RECOGNIZE THAT OIL COULD NOT BE USED AS A WEAPON, CONFIDENTIAL

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SINCE IT WOULD IN THE END COME BACK TO HAUNT THEM IN THE FORM OF INCREASED PRICES FOR THE GOODS THEY MUST BUY FROM THE CONSUMER COUNTRIES. HE ADDED THAT HE WAS, THEREFORE, LESS PESSIMISTIC ABOUT THE ARABS AND THE ENERGY SITUATION THAN HE HAD BEEN A FEW WEEKS AGO.

6. EMBOFFS ALSO DISCUSSED IN DETAIL POINTS RAISED IN REFTTEL WITH KRUSE AND LANTZKE, THE ENERGY EXPERTS AT THE FOREIGN AND ECONOMICS MINISTRIES. IN OUR PRESENTATION WE STRESSED THE IMPORTANCE OF THE CONFERENCE COMING TO GRIPS SUBSTANTIVELY WITH THE WHOLE RANGE OF ENERGY-RELATED PROBLEMS AND OF A FOLLOW-UP TASK FORCE TO GIVE THE NECESSARY IMPETUS TO THE DECISIONS REACHED AT THE CONFERENCE. WE FURTHER STRESSED THE IMPORTANCE OF THE FRG'S ROLE IN HELPING TO SHAPE A CONSTRUCTIVE EC POSITION AT THE CONFERENCE.

7. LANTZKE ESPRESSED THE OPINION THAT, VIEWED REALISTICALLY, THE GOALS OF THE CONFERENCE, AS FORMULATED BY THE US, WERE TOO AMBITIOUS AND HE THOUGHT IT WOULD BE VERY DIFFICULT TO REACH AGREEMENT ON A COORDINATED CONSUMER APPROACH TO DEALING WITH THE ISSUES AS WE HAVE OUTLINED THEM. HE SAID THAT BY SETTING OUR GOALS TOO HIGH WE RUN THE RISK OF DEMONSTRATING TO EVERYONE THE DIFFICULTY OF MULTILATERAL COOPERATION IN THE ENERGY FIELD WITH THE RESULT OF A NEW IMPETUS TOWARD BILATERALISM IN ENERGY POLICY.

8. BOTH MEN SAID THAT THE FRG WOULD NOT FORMULATE ITS OWN FINAL POSITIONS UNTIL AFTER THE EC COUNCIL DECISION HAD BEEN MADE ON FEBRUARY 5. THEY BOTH EMPHASIZED HOWEVER THAT THE MOST CONTENTIOUS ISSUE IN THE US SCENARIO WOULD BE THE FOLLOWUP PROCEDURE. LANTZKE NOTED THAT THERE WAS A STRONG FEELING WITHIN THE COMMUNITY THAT THE FOLLOWUP SHOULD CONSIST OF A LESS INSTITUTIONALIZED APPROACH THAN THAT ENVISAGED IN THE US PROPOSAL AND THAT MOST EC MEMBERS WOULD PREFER THAT THE SEPARATE TOPICS BE DISCUSSED WITHIN EXISTING

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INSTITUTIONS E.G. C-20 AND THE OECD OIL COMMITTEE. HE SAID THE PROBLEM IS NOT ONLY FRANCE BUT THAT BELGIUM,

IRELAND AND ITALY ALL TEND TO SUPPORT THIS POSITION. HE SAID THAT THE FRG WOULD PUSH FOR A CONSTRUCTIVE POSITION IN THE COUNCIL AND HE REMARKED THAT FOREIGN MINISTER SCHEEL WAS NOTED FOR HIS ABILITY TO FIND A COMPROMISE IF AT ALL POSSIBLE.

9. LANTZKE ASKED IF WE HAD ANY INFORMATION AS TO WHETHER PRODUCERS AND OTHER LDCS WOULD ACCEPT THE US AMEWORK FOR PRODUCER/CONSUMER DIALOGUE. HE POSTULATED THE POSSIBILITY THAT PRODUCERS MIGHT INSIST THAT SUCH A DIALOGUE TAKE PLACE EITHER WITHIN THE UN CONTEXT OR BILATERALLY. HE SAID THE ALGERIANS' PROPOSAL OF A GENERAL ASSEMBLY DEBATE ON ALL RAW MATERIALS PROBLEMS WOULD FURTHER MAKE IT DIFFICULT FOR THE EC TO REACH A COMMON POSITION ON THE QUESTION OF CONFERENCE FOLLOWUP PROCEDURES. LANTZKE URGED THAT THE US BE FLEXIBLE ON THIS POINT AND BE WILLING TO COMPROMISE.

L0. KRUSE SAID THAT THE GOVERNMENT WAS VERY INTERESTED IN OUR VIEWS ON THE MODALITIES OF THE CONSUMER-PRODUCER DIALOGUE. HE SAID THAT THE FRG IS CONCERNED THAT THE CONFERENCE NOT JEOPARDIZE ITS BILATERAL RELATIONSHIP WITH IRAN.

11. EMBOFFS REITERATED OUR DESIRE FOR THE HIGHEST
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POSSIBLE LEVEL OF REPRESENTATION AT THE CONFERENCE.
KRUSE REMARKED THAT THE FRG DELEGATION CONTAINED
IN ADDITION TO THE FOREIGN MINISTER TWO STATE
SECRETARIES AND THAT WAS INDEED A VERY HIGH LEVEL.

12. COMMENT: LANTZKE'S REMARKS ABOUT FOREIGN MINISTER
SCHEEL'S ABILITY TO REACH COMPROMISE POSITIONS WAS
HARDLY ENCOURAGING, FOR IF SCHEEL THROWS HIS WEIGHT
BEHIND A COMPROMISE SOLUTION IN THE EC COUNCIL AND
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COMES UP WITH A LEAST COMMON DENOMINATOR POSITION, IT
WOULD THEN BE VERY AWKWARD FOR THE FRG TO ADOPT AN
INDEPENDENTPOSTURE AT THE CONFERENCE, NOTWITHSTANDING
THE FACT THAT, ACCORDING TO LANTZKE HE WOULD
PERSONALLY RECOMMEND A STRONG FRG POSITION. WE CAN
ANTICIPATE THAT LANTZKE, OR ANOTHER SENIOR FRG
OFFICIAL, WILL PARTICIPATE IN PREPARATORY WASHINGTON
MEETING ON FEB. 8. WHAT IS NOT YET CLEAR WHETHER HE
WILL WEAR BOTH HATS, AS REPRESENTATIVE OF THE EC AND
FRG AT THE SAME TIME. A DECISION ON THIS QUESTION WILL
PRESUMABLY ALSO BE MADE BY THE FEB.4-5 COUNCIL MEETING.
AS FOR THE LEVEL OF REPRESENTATION AT THE CONFERENCE,
WE THINK THE FRG HAS GONE AS HIGH AS IT CAN UNDER THE
CIRCUMSTANCES, GIVEN THE UNLIKELIHOOD THAT FINANCE
MINISTER SCHMIDT, A LEADING SPD POLITICIAN AND A
PROSPECTIVE CHANCELLOR CANDIDATE, WOULD BE PREPARED
TOPLAY SECOND FIDDLE TO FONMIN SCHEEL AT THIS OR ANY
OTHER TIME.
HILLENBRAND

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM, SUPPLIES, IMPORTS, LESS DEVELOPED COUNTRIES, FOREIGN MINISTERS MEETINGS, PRICES
Control Number: n/a
Copy: SINGLE
Draft Date: 01 FEB 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974BONN01773
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: DG ALTERD
Executive Order: GS
Errors: N/A
Film Number: n/a
From: BONN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740263/aaaachad.tel
Line Count: 329
Locator: TEXT ON-LINE
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 6
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: STATE 21413
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 27 MAR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <27 MAR 2002 by martinml>; APPROVED <31 MAY 2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ENERGY: US VIEWS ON WASHINGTON ENERGY CONFERENCE
TAGS: ENRG, GE, US
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005